

Message Text

CONFIDENTIAL

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46

ACTION OES-06

INFO OCT-01 ISO-00 NEA-10 PM-04 SS-15 SP-02 L-03 EB-07

INR-07 INRE-00 SSO-00 /055 W
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O R 131145Z SEP 76

FM AMCONSUL BOMBAY

TO SECSTATE WASHDC IMMEDIATE 6758

INFO AMEMBASSY NEW DELHI

CONFIDENTIAL BOMBAY 2394

STADIS//////////

E.O. 11652 GDS

TAGS: TECH, IN

SUBJ: TARAPUR- BUY-BACK

REF: STATE 223031

1. IN GOING OVER QUERIES RAISED REFTEL WITH SETHNA ON
SEPTEMBER 10 AND 11, I NOTED THAT ON SEPTEMBER 9 J.I.:SHAH
HAD SAID INDIANS VERY UPSET THAT U.S. WOULD TRY TO PRESENT THEM
WITH "FAIT ACCOMPLI" ON BUY-BACK BY ATTEMPTING TO WORK OUT
PHYSICAL ARRANGEMNETS FOR TRANSFER WITHOUT PRIOR AGREEMENT ON
PRICE. SETHNA CUT ME OFF WHEN I STARTED TO EXPLAIN THAT SUCH AN
INFERENCE REFLECTS A POOR UNDERSTANDING OF OUR APPROACH. SETHNA
SAID HE UNDERSTANDS THAT WE MERELY TRYING TO ASCERTAIN PHYSICAL
POSSIBILITIES AND DIFFICULTIES WHILE SIMULTANEOLSY WORKING OUT
COSTS. HE SAID SHAH MERELY ECHOING SOME POORLY THOUGHT-OUT
NOTIONS EMANATING FROM MINSTER OF EXTERNAL AFFAIRS. HE WISHED
THAT HIS COLLEAGUES WOULD FOLLOW HIS APPROACH MORE CLOSELY, BUT
NOTED THAT WE SHOULD TAKE OUR VIEWS DIRECTLY FROM HIM OR AT LEAST
NOT ATTACH IMPORTANCE TO WHAT OTHERS TELL US UNTIL WE CHECK
WITH HIM. HE ENDED THIS PART OF TALK BY SAYING HE ALTOGETHER
SATISFIED NOW THAT WEARE RIGHT TO MOVE AHEAD WITH EXAMINATION
PHYSICAL PROBLEMS CONNECTED WITH TRANSFER EVEN THOUGH MUCH REMAINS
TO BE DONE BEFORE ADEQUATE PRICING FORMULA CAN BE NEGOTIATED.
HE NOTED THAT WE HAVE AT MOST NINE MONTHS TO BEGIN

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REMOVAL, IF IT IS TO BE DONE, SO WE MUST TACKLE ALL

PROBLEMS CONNECTED WITH IT SIMULATANEously.

2. SETHNA SAID HE NOT SURPRISED THAT HIS PROPOSAL FOR EXPERIMENTAL REPROCESSING OF A FEW PINTS AT TARAPUR RP HAD RAISED HACKLES IN WASHINGTON. (SHAH HAD SAME DAY SENT ME ARTICLE FROM NUCLEONICS CARRYING PROPSED AMENDMENT TO EXPORT REGULATIONS PROHIBITING EXPORTS OF SNM TO A NON-WEAPONS COUNTRY OPERATING A REPROCESSING PLANT.) SETHNA SAID THAT IT RATHER LATE TO FORBID ANY USE OF A PLANT WHICH HAS BEEN UNDER CONSTRUCTION FOR A LONG TIME WITHOUT SHARP ADVERSE REACTION.

3. ON HEAVY WATER SETHNA WAS SILENT ABOUT CIRUS, BUT OFFERED FOLLOWING ON OUR HW IN RAPP I. HE SAID THAT ANY NEGOTIATONS WITH CANADA TOUCHING THE CONSEQUENCES OF THE DELAYS IN COMPLETING THE RAJASTHAN POWER REACTOR PROMPTLY WOULD INEVITABLY RAISE QUESTIONS IN INDIAN PARLIAMENT ABOUT CANADA'S LIABILITY FOR DAMAGES RESULTING FROM ITS FAIURE TO KEEP SUPPLY OBLIGATIONS. SETHNA CLAIMED THAT SUCH QUESTIONS NOT ACADEMIC BECUASE HE IS AMORTIZING DEBT TO CANADA CONNECTED WITH RAPP CARRYING 9 XW PER CENT INTEREST RATE. HE CLAIMED THAT EVEN SEEKING TO CHANGE TRILATERAL AGREEMENT INTO A BILATERAL ONE WOULD RAISE POLITICAL ISSUES THAT COULD QUICKLY GET OUT OF HAND. HE INCLINED BELIEVE BEST APPROACH IS SIMPLY LEAVE TRILATERAL IN EFFECT WITH CANADA AS NOMINAL BUT NOT ACTIVE PARTICIPANT. I POINTED OUT SUCH ARRANGEMENT COULD RAISE QUESTION ABOUT DURABILITY OF AGREEMENT AND SETHNA SAID IT MIGHT BE POSSIBLE FOR INDIANS TO GIVE SOME SORT OF SEPARATE WRITTEN ASSURANCE TO IAEA THAT IT INTENDES TO CONTINUE OBSERVING RAPP SAFEGUARDS AGREEMENT.

4. SETHNA PLEASED BY QUALITY OF WORK OF LAST AND KIEFER AS WELL AS THEIR COOPERATIVE, PROFESSIONAL ATTITUDES. CONGEN BELIVES THEIR VISIT CONTRIBUTED TO TYPE OF COOPERATIOT SETHNA WISHES TO FOSTER. FOR ITS PART CONGEN WISHES TO CONGRATULATE CONSULTANTS LAST AND KIEFER FOR DOING A DIFFICULT JOB ON A VERY TIGHT SCHEDULE AND PARTICULARLY ON THEIR ADROIT HANDLING OF THE STICKY PROBLEMS THAT AROSE AT END OF THEIR VISIT (BOMBAY 2392).
COURTNEY

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Message Attributes

Automatic Decaptoning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DIPLOMATIC DISCUSSIONS, NUCLEAR COOPERATION PROGRAMS, NUCLEAR REACTORS, NUCLEAR FUELS, FISSIONABLE MATERIALS TRANSFER
Control Number: n/a
Copy: SINGLE
Draft Date: 13 SEP 1976
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: KelleyW0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976BOMBAY02394
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760344-1084
From: BOMBAY
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760968/aaaacgem.tel
Line Count: 99
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION OES
Original Classification: CONFIDENTIAL
Original Handling Restrictions: STADIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: STADIS
Reference: 76 STATE 223031
Review Action: RELEASED, APPROVED
Review Authority: KelleyW0
Review Comment: n/a
Review Content Flags:
Review Date: 29 MAR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <29 MAR 2004 by ShawDG>; APPROVED <05 AUG 2004 by KelleyW0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: TARAPUR- BUY-BACK
TAGS: TECH, IN, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006